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April 16, 2002

**VIA ELECTRONIC FILING AND HAND DELIVERY**

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-A325  
Washington, D.C. 20554

Re: Jurisdictional Separations Reform and Referral to the Federal-State Joint Board, CC Docket No. 80-286

Investigation of Tariff Filed by ACS of Anchorage, Inc. and the National Exchange Carrier Association; December 17, 2001 MAG Access Charge Tariff Filings, CC Docket No. 02-36, CCB/CPD No. 01-23

General Communication, Inc. v. Alaska Communications Systems Holdings, Inc., EB-00-MD-016 (filed by hand)

**Notice of Oral Ex Parte**

Dear Mr. Caton:

On April 15, 2002, Rick Hitz, Director of Rates and Tariffs for General Communication, Inc. ("GCI") and the undersigned, counsel for GCI, met with Sharon Webber and Andy Firth of the Wireline Competition Bureau's Telecommunications Access Policy Division regarding the referenced Jurisdictional Separations proceeding, CC Docket No. 80-286. During the meeting, the participants discussed the Petition for Reconsideration filed by Roseville Telephone Company, requesting that the FCC reconsider its decision to freeze DEM factors without making any adjustments to local and interstate DEM factors in connection with ISP minutes. GCI opposes the petition.

In the Jurisdictional Separations Report and Order adopting the DEM freeze, the Commission found that no reliable evidence supported revising the local and interstate DEM factors. The Roseville Petition for Reconsideration and its supporters provide no new or persuasive evidence for changing this decision. GCI noted that one of Roseville's supporters, ACS, has unilaterally assigned ISP costs to the interstate jurisdiction for cost allocation purposes, but ACS has never demonstrated that it has any better ability than any other carriers to ascertain where ISP traffic actually goes. ACS has made only general assertions, providing no data in support of its assignment of all ISP traffic to the interstate jurisdiction. In GCI's experience, there is no reason to assume that the traffic is entirely interstate, and there is no data (or reliable capability) to determine the actual

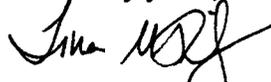
Mr. William F. Caton  
April 16, 2002  
Page 2

traffic mix. Moreover, both GCI and ACS are marketing services in Anchorage that would remove ISP minutes from the PSTN, which ACS has neither quantified nor substantively addressed.

In addition, ACS has been assigning ISP costs to the interstate jurisdiction for ratesetting and earnings reporting purposes, but at the same time, it leaves the demand minutes in the local jurisdiction. This results in a cost-revenue mismatch that imposes ISP traffic costs on IXC customers, as demonstrated by the large differences in earnings reported by ACS in time periods when it has excluded ISP minutes from the interstate jurisdiction in comparison with those when it has included ISP minutes in the interstate jurisdiction, and double-recovery of costs (see attached). Moreover, as competition in the local market develops, ACS is plainly incented to shift more costs to its captive interstate access customers increases. For these reason, if the Commission were to consider revising the DEM factors, then different ratesetting practices would have to be considered as well.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being submitted to the Secretary's office by electronic filing. Please contact the undersigned if any questions arise in connection with this filing.

Sincerely yours,



Tina M. Pidgeon

cc: Sharon Webber  
Andy Firth

Karen Brinkmann  
Richard Cameron  
*Counsel for ACS of Anchorage, Inc.*

1. Name and Address of Reporting Company  
ACS OF ANCHORAGE  
600 TELEPHONE AVENUE  
ANCHORAGE, ALASKA 99503-6091

2. Reporting Period  
(a) Annual Period Covered:  
From: 1/1/99 To: 12/31/00  
(b) Cumulative Period Covered:  
From: 1/1/99 To: 12/31/00

FCC 492

**RATE OF RETURN REPORT**  
(Read Instructions on Reverse Before Completing)

Dollar Amounts Shown In Thousands

3. Particulars	Current Year	(A) Interstate Access		(B) Common Line		(C) Special Access	
		Current Year	Cumulative	Current Year	Cumulative	Current Year	Cumulative
1. Total Revenues	25,851	52,908	10,485	23,534	5,483	9,663	
2. Total Expenses and Taxes	15,654	37,383	8,465	18,236	4,000	7,318	
3. Oper. Inc. (Net Return) (1-2)	10,197	15,525	2,021	5,298	1,483	2,346	
4. Rate Base-(Avg. Net Invest.)	45,417	45,417	23,330	23,330	9,064	9,064	
5. Rate of Return (3/4) Annualized	22.45%	17.09%	8.66%	11.35%	16.36%	12.94%	
6. FCC Ordered Refund- Amortized for Current Period (see Instr. 1)	0	0	0	0	0	0	
7. Net Return (incl. effect of FCC Ordered Refund) (3+6)	10,197	15,525	2,021	5,298	1,483	2,346	
8. Rate of Return (incl. effect of FCC Ordered Refund) (7/4) Annualized	22.45%	17.09%	8.66%	11.35%	16.36%	12.94%	

3. Particulars	Current Year	(D) End Office		(E) Information		(F) Local Transport	
		Current Year	Cumulative	Current Year	Cumulative	Current Year	Cumulative
1. Total Revenues	6,667	13,315	280	492	2,935	5,904	
2. Total Expenses and Taxes	1,816	8,355	162	404	1,211	3,070	
3. Oper. Inc. (Net Return) (1-2)	4,851	4,960	119	87	1,724	2,833	
4. Rate Base-(Avg. Net Invest.)	9,152	9,152	47	47	3,824	3,824	
5. Rate of Return (3/4) Annualized	53.00%	27.10%	250.16%	91.77%	45.08%	37.05%	
6. FCC Ordered Refund- Amortized for Current Period (see Instr. 1)	0	0	0	0	0	0	
7. Net Return (incl. effect of FCC Ordered Refund) (3+6)	4,851	4,960	119	87	1,724	2,833	
8. Rate of Return (incl. effect of FCC Ordered Refund) (7/4) Annualized	53.00%	27.10%	250.16%	91.77%	45.08%	37.05%	

4. Rates of Return for the Switched Traffic Sensitive Category	5. Multiplicative Factor Used For Annualizing Rate of Return for Cumulative Measurement Period	2.0000
(a) Current Year	(b) Cumulative	
51.39%	30.26%	
6. Total Out-of-Period Adjustment (see instruction K)		0

7. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge, information, and belief, all statements above named respondent in respect to each and every matter set forth therein during the specified period.

Date 9/30/01	Typed Name of Person Signing Thomas R. Meade	Title of Person Signing VP, Revenue Requirements	Signature <i>Thomas R. Meade</i>
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WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, Section 1001) AND/OR REVOCATION ON ANY STATION LICENSE OR CALLING CARD (U.S. CODE, TITLE 47, Section 503) AND/OR FORFEITURE (U.S. CODE, TITLE 47, Section 503).

**General Instructions**

- A. This report is prescribed under authority of Sections 4(i), 4(j) and 205 of the Communications Act of 1934, as amended. FCC 492 shall be filed in triplicate with the Federal Communications Commission, Washington, D.C. 20554, within three (3) months after the end of each calendar year by each local exchange carrier or group of affiliated carriers which is not subject to Sections 61.41 through 61.49 of the Commission's Rules and which has filed individual access tariffs during the enforcement period.
- B. The data shall be aggregated at the same jurisdictional levels as the tariffs. An additional six (6) months from the initial due date, will be allowed for each local exchange carrier or group of affiliated carriers which is not subject to Sections 61.41 through 61.49 of the Commission's Rules to correct their complete enforcement period report.
- C. All instructions shall be followed. All questions and statements must be completed. If proper answer is "none" or "not applicable", insert that answer.
- D. Any data that requires clarification could be footnoted and fully explained in the Remarks section below. If the space provided is insufficient for the required data or it is otherwise necessary or desirable to insert additional statements or schedules, the insert pages should include the name of the respondent and the time period covered, in a style conforming as nearly as practicable to that appearing on the regular page.
- E. All amounts of money shall be shown in the thousands of dollars. Losses or other negative items shall be shown in parenthesis. Rates of return shall be shown to the nearest hundredth.
- F. Revenues should include only revenues earned during the report period. Costs should also reflect only those costs incurred in the report period.
- G. Interstate adjustments to rate base expenses and revenues shall be based upon FCC Docket 19129 and other relevant Commission orders, if applicable to the reporting entity.

**Specific Instructions (referenced to item numbers on form)**

- H. Item 3. Particulars
  - Column A - Interstate Access. Column A should equal the sum of columns B through F for both the current year and cumulative periods.
  - Likewise, rates of return in Column A shall equal the weighted average of the sums of columns B through F.
  - Line 1 - Total Revenues - (earned during the report period) shall include service revenues, interest during construction, if applicable, and miscellaneous operating revenues less uncollectibles.
  - Line 2 - Total Expenses and Taxes - shall include operating expenses, depreciation, amortization, other expenses, interstate allowances and disallowances if applicable, as well as all taxes.
  - Line 4 - Rate Base-Average Net Investments - shall include accounts 100.1, 100.2, 100.3, 100.4, 122, 171, 172, and 176. Computation shall be calculated by taking the sum of the average net investments for all months in a reporting period and dividing by the number of months in the reporting period. Deviations from this methodology should be footnoted and documented in the Remarks section below.
  - Line 6 - Use the following table to calculate the after tax effect of an FCC ordered refund:
 

1. FCC Ordered Refund Total _____	
2. Refund for Period (Amortized) _____	
3. Tax Rate _____	
4. Refund Adjusted for Taxes _____	
((1 minus line 3) multiplied by line 2)	
(Enter this amount)	
  - I. Item 4 - Rates of Return for the Switched Traffic Sensitive Category should be calculated and entered in item 4 on the form. Switched traffic sensitive consists of line termination, local switching, intercept, information and local transport. End office includes line termination, local switching and intercept. For reporting purposes, equal access implementation costs should be included within "end office."
  - J. Item 5 - Multiplicative Factor for Cumulative Measurement - rates of return for the cumulative measurement period shall be annualized with the appropriate multiplicative factor as shown in item 5.
  - K. Item 6 - Total Out-of-Period Adjustments. Report total out-of-period adjustments for cumulative period in item 6. Significant out-of-period adjustments should be footnoted and explained in the Remarks section below. Significant out-of-period adjustments are those adjustments having an annualized 10 basis points or more impact within the three enforcement categories (common line, special access, switched traffic sensitive). In connection with the 10 basis point threshold, carriers need only report retroactive adjustments above the following amounts: \$1,000,000 for common line revenues; \$300,000 for special access revenues; and \$300,000 for switched traffic sensitive categories. Out-of-period adjustments from prior enforcement periods identified more than nine months after the prior enforcement periods have ended should be shown separately in the Remarks section if (1) a company's rate of return for an enforcement category was within 10 basis points of a refund situation and (2) will cause the prior rate of return to go above its allowed maximum. In each case, the appropriate enforcement periods should be clearly indicated.
- Notice to Individuals - FCC 492 is needed to provide this Commission with data required to fulfill its regulatory responsibilities with respect to interstate telephone service under Title II of the Communications Act of 1934, as amended. FCC 492 is necessary to enable the Commission to monitor access tariffs and price cap earnings, and to enforce rate of return prescriptions. Your response is mandatory. Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0355.
- We have estimated that each response to this collection of information will take, on average, 8 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD/ERM, Washington, DC 20554, Paperwork Reduction Project (3060-0355). We also will accept your comments via the Internet if you send them to jboley@fcc.gov. Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS. The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. 552(a)(3), and the Paperwork Reduction Act of 1995, P.L. 104-13, 5 U.S.C. 3507.

**Remarks:**

ACS OF ANCHORAGE HAS COMPLIED WITH FCC ORDER #EB-00-MD-016 AND HAS TREATED ISP TRAFFIC AS INTRASTATE UNDER PROTEST AND IS APPEALING THE FCC ORDER

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April 23, 2001

## BY HAND DELIVERY

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12th Street S.W.  
Washington, D.C. 20554

Re: Form 492 Earnings Report for Anchorage Telephone Utility

Dear Ms. Salas:

Enclosed are three copies of a Form 492 rate-of-return report for Anchorage Telephone Utility for the 1997-1998 reporting period. This report has been revised as required by the Commission's Order in *General Communication, Inc. v. Alaska Communications Systems Holdings, Inc. et al*, EB-00-MD-016, FCC 01-32 (rel. Jan. 24, 2001).

Please contact me if you have any questions.

Very truly yours,



Richard R. Cameron  
of LATHAM & WATKINS

1. Name and Address of Reporting Company  
**ANCHORAGE TELEPHONE UTILITY**  
**600 TELEPHONE AVENUE**  
**ANCHORAGE, ALASKA 99503-6091**

2. Reporting Period  
 (a) Annual Period Covered:  
 From: 1/1/98 To: 12/31/98  
 (b) Cumulative Period Covered:  
 From: 1/1/97 To: 12/31/98

FCC 492

**RATE OF RETURN REPORT**

(Read Instructions on Reverse Before Completing)

Dollar Amounts Shown in Thousands

3. Particulars	(A) Interstate Access		(B) Common Line		(C) Special Access	
	Current Year	Cumulative	Current Year	Cumulative	Current Year	Cumulative
1. Total Revenues	24,942	49,440	11,045	21,884	3,825	7,523
2. Total Expenses and Taxes	16,049	32,582	8,141	16,489	2,782	5,555
3. Oper. Inc. (Net Return) (1-2)	8,894	16,858	2,904	5,395	1,043	1,968
4. Rate Base-(Avg. Net Invest.)	47,920	49,072	24,745	25,664	8,910	8,627
5. Rate of Return (3/4) Annualized	18.56%	17.18%	11.74%	10.51%	11.70%	11.41%
6. FCC Ordered Refund- Amortized for Current Period (see Instr. 1)	0	0	0	0	0	0
7. Net Return (incl. effect of FCC Ordered Refund) (3+6)	8,894	16,858	2,904	5,395	1,043	1,968
8. Rate of Return (incl. effect of FCC Ordered Refund) (7/4) Annualized	18.56%	17.18%	11.74%	10.51%	11.70%	11.41%

Switched Traffic Sensitive

3. Particulars	(D) End Office		(E) Information		(F) Local Transport	
	Current Year	Cumulative	Current Year	Cumulative	Current Year	Cumulative
1. Total Revenues	6,613	13,261	532	1,092	2,928	5,679
2. Total Expenses and Taxes	3,445	7,126	439	936	1,241	2,476
3. Oper. Inc. (Net Return) (1-2)	3,168	6,135	92	156	1,686	3,203
4. Rate Base-(Avg. Net Invest.)	10,261	10,929	120	118	3,884	3,730
5. Rate of Return (3/4) Annualized	30.88%	28.07%	76.81%	66.00%	43.41%	42.89%
6. FCC Ordered Refund- Amortized for Current Period (see Instr. 1)	0	0	0	0	0	0
7. Net Return (incl. effect of FCC Ordered Refund) (3+6)	3,168	6,135	92	156	1,686	3,203
8. Rate of Return (incl. effect of FCC Ordered Refund) (7/4) Annualized	30.88%	28.07%	76.81%	66.00%	43.41%	42.89%

4. Rates of Return for the Switched Traffic Sensitive Category

(a) Current Quarter	(b) Cumulative
24.68%	32.12%

5. Multiplicative Factor Used For Annualizing Rate of Return for Cumulative Measurement Period

→ 1.000

6. Total Out-of-Period Adjustment (see Instruction K)

→

7. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing reports; that to the best of my knowledge, information, and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the specified period.

Date: 4/24/01  
 Typed Name of Person Signing: Thomas R. Meade  
 Title of Person Signing: VP, Revenue Requirements

Signature  
*Thomas R. Meade*

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001) AND/OR REVOCATION ON ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(a)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

### General Instructions

- A. This report is prescribed under authority of Sections 4(i), 4(j) and 205 of the Communications Act of 1934, as amended. FCC 492 shall be filed in triplicate with the Federal Communications Commission, Washington, D.C. 20554, within three (3) months after the end of each calendar year by each local exchange carrier or group of affiliated carriers which is not subject to Sections 61.41 through 61.49 of the Commission's Rules and which has filed individual access tariffs during the enforcement period.
- B. The data shall be aggregated at the same jurisdictional levels as the tariffs. An additional six (6) months from the initial due date, will be allowed for each local exchange carrier or group of affiliated carriers which is not subject to Sections 61.41 through 61.49 of the Commission's Rules to correct their complete enforcement period report.
- C. All instructions shall be followed. All questions and statements must be completed. If proper answer is "none" or "not applicable", insert that answer.
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- E. All amounts of money shall be shown in the thousands of dollars. Losses or other negative items shall be shown in parenthesis. Rates of return shall be shown to the nearest hundredth.
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- G. Interstate adjustments to rate base, expenses and revenues shall be based upon FCC Docket 19129 and other relevant Commission orders, if applicable to the reporting entity.

### Specific Instructions (referenced to item numbers on form)

#### H. Item 3. Particulars

Column A - Interstate Access. Column A should equal the sum of columns B through F for both the current year and cumulative periods. Likewise, rates of return in Column A shall equal the weighted average of the sums of columns B through F.

Line 1 - Total Revenues - (earned during the report period) shall include service revenues, interest during construction, if applicable, and miscellaneous operating revenues less uncollectibles.

Line 2 - Total Expenses and Taxes - shall include operating expenses, depreciation, amortization, other expenses, interstate allowances and disallowances if applicable, as well as all taxes.

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Line 6 - Use the following table to calculate the after tax effect of an FCC ordered refund:

1. FCC Ordered Refund Total \_\_\_\_\_
2. Refund for Period (Amortized) \_\_\_\_\_
3. Tax Rate \_\_\_\_\_
4. Refund Adjusted for Taxes \_\_\_\_\_  
(1 minus line 3) multiplied by line 2)  
(Enter this amount)

I. Item 4 - Rates of Return for the Switched Traffic Sensitive Category should be calculated and entered in item 4 on the form. Switched traffic sensitive consists of line termination, local switching, intercept, information and local transport. End office includes line termination, local switching and intercept. For reporting purposes, equal access implementation costs should be included within "end office."

J. Item 5 - Multiplicative Factor for Cumulative Measurement - rates of return for the cumulative measurement period shall be annualized with the appropriate multiplicative factor and shown in Item 5.

K. Item 6 - Total Out-of-Period Adjustment. Report total out-of-period adjustments for cumulative period in item 6. Significant out-of-period adjustments should be footnoted and explained in the Remarks section below. Significant out-of-period adjustments are those adjustments having an annualized 10 basis points or more impact within the three enforcement categories (common line, special access, switched traffic sensitive). In connection with the 10 basis point threshold, carriers need only report retroactive adjustments above the following amounts: \$1,000,000 for common line revenues; \$300,000 for special access revenues; and \$300,000 for switched traffic sensitive categories.

Out-of-period adjustments from prior enforcement periods identified more than nine months after the prior enforcement periods have ended should be shown separately in the Remarks section if (1) a company's rate of return for an enforcement category was within 10 basis points of a refund situation and (2) will cause the prior rate of return to go above its allowed maximum. In each case, the appropriate enforcement periods should be clearly indicated.

Notice to Individuals - FCC 492 is needed to provide this Commission with data required to fulfill its regulatory responsibilities with respect to interstate telephone service under Title II of the Communications Act of 1934, as amended. FCC 492 is necessary to enable the Commission to monitor access tariffs and price cap earnings, and to enforce rate of return prescriptions. Your response is mandatory.

Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid Office of Management and Budget (OMB) control number. This collection has been assigned an OMB control number of 3060-0355.

We have estimated that each response to this collection of information will take, on average, 6 hours. Our estimate includes the time to read the instructions, look through existing records, gather and maintain the required data, and actually complete and review the form or response. If you have any comments on this estimate, or how we can improve the collection and reduce the burden it causes you, please write the Federal Communications Commission, AMD-PERM, Washington, DC 20554, Paperwork Reduction Project (3060-0355). We also will accept your comments via the Internet if you send them to [jboley@fcc.gov](mailto:jboley@fcc.gov). Please DO NOT SEND COMPLETED FORMS TO THIS ADDRESS.

The foregoing Notice is required by the Privacy Act of 1974, P.L. 93-579, December 31, 1974, 5 U.S.C. 552(a)(e)(3), and the Paperwork Reduction Act of 1995, P.L. 104-13, 44 U.S.C. 3507.

#### Remarks:

ACS OF AHCNORAGE HAS COMPLIED WITH FCC ORDER #EB-00-MD-016  
AND HAS TREATED ISP TRAFFIC AS INTRASTATE UNDER PROTEST AND  
IS APPEALING THE FCC ORDER.